



Review of State Spending: 2011 Update

October 11, 2011

BACKGROUND

Virginia's budget operates within the framework of the *Constitution of Virginia*, the *Code of Virginia*, and the Appropriation Act. It is proposed by the Governor in the form of the budget bill, is amended and approved by the General Assembly, and covers a two-year period (a biennium). Everything in the budget stems from this review and approval process.

State revenues and appropriations are grouped into two categories: general and non-general funds. The general fund consists primarily of revenue from income and sales taxes that are used for varied purposes whereas non-general funds derive from taxes, fees, and revenues set aside for specific purposes. General and non-general funds comprised 40 and 60 percent, respectively, of the FY 2011 budget. This is important because the expenditure of non-general funds is controlled by their authorizing statute—thus, more than half the state budget is determined by statute more than by the appropriation process, which means that growth in more than half the budget is determined by factors other than the annual budget decision-making process.

JLARC issues an annual report on growth in state spending over the prior five biennia—this report covers the FY 2002 to FY 2011 period. The reports identify which state agencies and programs are the largest and fastest growing and the reasons for their growth. (Program funding is directed toward specific objectives such as improving or maintaining services affecting the public, and may cut across several agencies.) The reports do not evaluate the merits or adequacy of state spending nor does the analysis include capital spending.

KEY FINDINGS

- In FY 2011, Virginia's budget totaled \$39.0 billion compared to \$23.5 billion in FY 2002. The FY 2011 budget included 154 agencies and 203 programs. When controlling for growth in population and inflation, budget growth was 23% over the ten-year period. This was largely the result of growth in non-general funds in 2008-2011, led in part by an infusion of federal stimulus funds in 2010-2011.
- The ten largest state agencies in terms of both general and non-general fund appropriations accounted for 69% of the entire state budget in FY 2011. The four largest agencies—DMAS, DOE (Direct Aid), VDOT, and DSS/UVA (which were #4 in 2002 and 2011, respectively)—accounted for about half of the budget in both 2002 and 2011.
- Two of the ten agencies with the most growth in general fund appropriations— DMAS and DOE (Direct Aid)—accounted for 60% of that growth. Five of the ten fastest-growing agencies in terms of non-general fund appropriations were in education: the Virginia College Savings Plan, Community College System, CNU, GMU, and DOE (Direct Aid).
- The general fund appropriation of 51 agencies grew more slowly than inflation or even declined. Agencies whose overall budgets declined over the ten-year period included the Library of Virginia, the Virginia Economic Development Partnership, and the Department of Juvenile Justice.

List of Abbreviations

DMAS	Dept of Medical Assistance Services (Medicaid)	UVA	University of Virginia
DOE (Direct Aid)	Dept of Education (Direct Aid to Public Education)	CNU	Christopher Newport University
VDOT	Dept of Transportation	GMU	George Mason University
DSS	Dept of Social Services		